

# *Declaration*

I, Pallab Jyoti Saikia, bearing Registration Number Ph.D./2018/12 dated 27-09-2012, hereby declare that the subject matter of the thesis entitled **“Role of Public Sector Commercial Banks in Priority Sector Lending: A Study of Golaghat District of Assam”** is the record of work done by me and that the contents of this thesis did not form the basis for award of any degree to me or to anybody else to the best of my knowledge. The thesis has not been submitted in any other University or Institute.

This thesis is being submitted to Assam University for the degree of Doctor of Philosophy in Commerce.

Place: Assam University, Silchar

**(Pallab Jyoti Saikia)**

Date:

## *Acknowledgement*

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Date:

Place: Assam University, Silchar

**(Pallab Jyoti Saikia)**

## PREFACE

Government of India had initiated several policies and schemes for improvement of the standard of living and well-being of people living in rural areas since independence. Financing to priority sector is one of the major objectives of commercial banks after nationalization of banks. As a major lending institution, public sector banks have the major responsibility for attainment of the socio economic priorities of the Government like growth of agriculture production, promotion of SSI and small entrepreneurs and all-round development of rural and backward area. Accordingly Government of India and Reserve Bank of India adopted various schemes and policies for development of the priority sector for overall development of the economy. After nationalization of banks, commercial bank lending to priority sector has been increasing substantially to achieve the quantitative targets of RBI.

In the post-reform period several new areas and sectors has brought under the purview of priority sector. Development of the priority sector or neglected sector promotes the overall development of the economy, because around seventy percent of the total population in India are related to priority sector i.e. agriculture, small scale industry, retail trade etc.

Agriculture and its allied activities played an important role in the socio- economic development of Golaghat district and providing livelihood to the majority population of the district. The soil, topography, rainfall and climate of the district is quite suitable for cultivation. Finance is the major problem for adopting modern technology such as high yielding variety programme, changes in cropping pattern, extension of irrigation facility etc for improvement of agricultural production. Besides agriculture, there are some agro based industries such as tea, Sugar industry, bamboo and cottage industry, Food processing industry and Textile industry etc which provide a significant contribution in the process of industrialization, employment generation and in fulfillment of socio-economic objectives.

Priority sector is the main sources of livelihood in Golaghat district of Assam. Borrowers of priority sector faced various problems such as timeliness and adequacy of credit, cost of availing the credit, prevailing rate of interest and cost effective lending procedure etc. Though priority sector advances by public sector banks had increased significantly but non-performing assets is also very high in this

sector due to default in payment of loan. Borrowers of priority sector failed to repay their loan due to low return from the activity, compelling family income, repayment of old debt, hoping for loan waives off, lack of recovery effort from bank, unsuitable repayment schedule, unwilling to repay etc. In this context the present study has been undertaken to explore the problems faced by the borrowers of priority sector.

The study was conducted in Golaghat district of Assam by covering 360 borrowers of priority sector. The present research work was designed to explore problems faced by borrowers on various aspects in terms of timeliness and adequacy, application of loan, procedural problems, fund diversion, repayment of loan etc. The study also finds out various problems faced by the bankers for implementation of priority sector scheme.

The findings of the present study will help the bankers, Government and implementing agencies to framing suitable policies in order to development of priority sector in Golaghat District of Assam.

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